



**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Struthers City School District
Mahoning County
99 Euclid Avenue
Struthers, Ohio 44471

To The Board of Education:

We have audited the accompanying general purpose financial statements of the Struthers City School District, Mahoning County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as described in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of inadequacies in the District's accounting records, we were unable to satisfy ourselves regarding student fund raiser receipts accounted for in the Student Managed Activity Funds. Student Managed Activity Funds represent 100 percent of the reported agency fund type balances.

In our opinion, except for such adjustment, if any, as might have been determined to be necessary had student fund raiser receipts accounted for in the Student Managed Activity Funds been susceptible to satisfactory audit tests, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Struthers City School District, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2001 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

March 7, 2001

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**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,326,965	\$269,376	\$792,687	\$5,471,561
Cash and Cash Equivalents in Segregated Accounts				
Receivables:				
Taxes	5,018,400		605,250	160,260
Intergovernmental	2,650	110,356		
Interfund	235,062			
Prepaid Items	2,814			
Inventory Held for Resale				
Materials and Supplies Inventory				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	294,002			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits				
Amount Available in Debt Service				
Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Government Resources				
	\$6,879,893	\$379,732	\$1,397,937	\$5,631,821
Total Assets and Other Debits	\$6,879,893	\$379,732	\$1,397,937	\$5,631,821

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$27,494		\$30,484			\$7,918,567
	15,016				15,016
					5,783,910
					113,006
					235,062
					2,814
8,831					8,831
3,860					3,860
					294,002
105,568			12,184,778		12,290,346
				790,689	790,689
				7,760,087	7,760,087
<u>\$145,753</u>	<u>\$15,016</u>	<u>\$30,484</u>	<u>\$12,184,778</u>	<u>\$8,550,776</u>	<u>\$35,216,190</u>

(Continued)

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000
(Continued)**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$83,634	\$3,345		\$12,572
Accrued Wages and Benefits	1,048,002	144,301		
Compensated Absences Payable	35,806			
Interfund Payable		156,682		41,218
Intergovernmental Payable	269,353	15,247		
Deferred Revenue	5,018,400		605,250	160,260
Undistributed Monies	3,602			
Due to Students				
Claims Payable				
School Facilities Loan Payable				
Energy Conservation Notes Payable				
Asbestos Removal Loan Payable				
State Operating Loan Payable	1,259,079			
Energy Conservation Note Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>7,717,876</u>	<u>319,575</u>	<u>605,250</u>	<u>214,050</u>
Fund Equity and Other Credits				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	217,992	31,784	1,998	1,666,681
Reserved for Budget Stabilization	232,854			
Reserved for Capital Improvements	61,148			
Reserved for Debt Service			790,689	
Unreserved, Undesignated (Deficit)	<u>(1,349,977)</u>	<u>28,373</u>		<u>3,751,090</u>
Total Fund Equity (Deficit) and Other Credits	<u>(837,983)</u>	<u>60,157</u>	<u>792,687</u>	<u>5,417,771</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$6,879,893</u>	<u>\$379,732</u>	<u>\$1,397,937</u>	<u>\$5,631,821</u>

See Accompanying Notes to the General-Purpose Financial Statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
	\$517				\$100,068
	25,938				1,218,241
	10,566			1,001,766	1,048,138
	37,162				235,062
	9,642			125,803	420,045
	5,495				5,789,405
		5,679			9,281
		24,805			24,805
	156,703				156,703
				4,321,000	4,321,000
				155,000	155,000
				10,306	10,306
					1,259,079
				367,400	367,400
				2,569,501	2,569,501
<u>89,320</u>	<u>156,703</u>	<u>30,484</u>		<u>8,550,776</u>	<u>17,684,034</u>
			12,184,778		12,184,778
137,208					137,208
(80,775)	(141,687)				(222,462)
					1,918,455
					232,854
					61,148
					790,689
					2,429,486
<u>56,433</u>	<u>(141,687)</u>		<u>12,184,778</u>		<u>17,532,156</u>
<u>\$145,753</u>	<u>\$15,016</u>	<u>\$30,484</u>	<u>\$12,184,778</u>	<u>\$8,550,776</u>	<u>\$35,216,190</u>

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues					
Taxes	\$4,042,736		\$424,431	\$77,541	\$4,544,708
Intergovernmental	7,622,755	1,628,876	328,363	1,055,769	10,635,763
Interest	77,322	1,615		47,643	126,580
Tuition and Fees	73,695				73,695
Extracurricular Activities		198,660			198,660
Gifts and Donations		39,695			39,695
Rent	27,732				27,732
Miscellaneous	40,155	27,447			67,602
Total Revenues	11,884,395	1,896,293	752,794	1,180,953	15,714,435
Expenditures					
Current:					
Instruction:					
Regular	5,313,416	330,848			5,644,264
Special	1,603,009	469,299			2,072,308
Vocational	564,318	5,068			569,386
Adult/Continuing		36,122			36,122
Support Services:					
Pupils	398,944	128,082			527,026
Instructional Staff	110,758	190,832			301,590
Board of Education	35,676				35,676
Administration	956,599	216,522			1,173,121
Fiscal	370,799	6,700			377,499
Business	36,752				36,752
Operation and Maintenance of Plant	1,306,983	1,072			1,308,055
Pupil Transportation	359,144	6,946			366,090
Central	52,036	41,139			93,175
Operation of Non-Instructional Services	3	155,410			155,413
Extracurricular Activities	168,041	250,192			418,233
Capital Outlay	598			456,838	457,436
Debt Service:					
Principal Retirement			281,200		281,200
Interest and Fiscal Charges	69,926		193,038		262,964
Total Expenditures	11,347,002	1,838,232	474,238	456,838	14,116,310
Excess of Revenues Over Expenditures	537,393	58,061	278,556	724,115	1,598,125
Other Financing Sources (Uses)					
Proceeds of Notes				4,321,000	4,321,000
Operating Transfers In		1,526	5,000	26,718	33,244
Operating Transfers Out	(33,244)				(33,244)
Total Other Financing Sources (Uses)	(33,244)	1,526	5,000	4,347,718	4,321,000
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	504,149	59,587	283,556	5,071,833	5,919,125
Fund Balances (Deficit) Beginning of Year	(1,342,132)	570	509,131	345,938	(486,493)
Fund Balances (Deficit) End of Year	(\$837,983)	\$60,157	\$792,687	\$5,417,771	\$5,432,632

See accompanying notes to the general purpose financial statements.

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**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$4,004,638	\$3,795,730	(\$208,908)
Intergovernmental	7,909,461	7,620,105	(289,356)
Interest	76,951	77,322	371
Tuition and Fees	82,000	73,695	(8,305)
Extracurricular Activities			
Gifts and Donations	9,000		(9,000)
Rent	25,000	30,293	5,293
Miscellaneous	135,900	40,155	(95,745)
<i>Total Revenues</i>	<u>12,242,950</u>	<u>11,637,300</u>	<u>(605,650)</u>
Expenditures			
Current:			
Instruction:			
Regular	5,881,339	5,392,181	489,158
Special	1,774,430	1,599,037	175,393
Vocational	94,752	625,202	(530,450)
Support Services:			
Pupils	528,345	415,556	112,789
Instructional Staff	149,657	139,530	10,127
Board of Education	116,790	45,070	71,720
Administration	992,703	988,056	4,647
Fiscal	428,914	396,050	32,864
Business	37,028	39,183	(2,155)
Operation and Maintenance of Plant	1,554,420	1,438,198	116,222
Pupil Transportation	369,483	373,405	(3,922)
Central	61,985	55,464	6,521
Operation of Non-Instructional Services	17,780	3	17,777
Extracurricular Activities	141,785	170,461	(28,676)
Capital Outlay	77,326	598	76,728
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
<i>Total Expenditures</i>	<u>12,226,737</u>	<u>11,677,994</u>	<u>548,743</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>16,213</u>	<u>(40,694)</u>	<u>(56,907)</u>
Other Financing Sources (Uses)			
Proceeds of Bonds			
Proceeds of Notes			
Refund of Prior Year Expenditures	3,000	759	(2,241)
Advances In	23,000	0	(23,000)
Advances Out		(4,347)	(4,347)
Operating Transfers In			
Operating Transfers Out	(53,442)	(33,244)	20,198
<i>Total Other Financing Sources (Uses)</i>	<u>(27,442)</u>	<u>(36,832)</u>	<u>(9,390)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(11,229)</u>	<u>(77,526)</u>	<u>(66,297)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	1,201,486	1,201,486	
Prior Year Encumbrances Appropriated	352,893	352,893	
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,543,150</u>	<u>\$1,476,853</u>	<u>(\$66,297)</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$28,000	\$26,357	(\$1,643)	\$578,677	\$671,437	\$92,760
1,816,050	1,520,381	(295,669)	319,472	328,363	8,891
1,000	1,615	615			
369,700	198,660	(171,040)			
7,600	39,696	32,096			
110,000	27,447	(82,553)			
2,332,350	1,814,156	(518,194)	898,149	999,800	101,651
522,588	350,135	172,453			
484,474	487,354	(2,880)			
10,082	6,915	3,167			
38,695	36,091	2,604			
224,990	135,280	89,710			
204,712	184,465	20,247			
1,000		1,000			
283,335	209,026	74,309			
14,044	6,811	7,233	12,403	11,496	907
28,619	1,068	27,551			
6,907	6,907				
5,207	41,343	(36,136)			
186,206	166,418	19,788			
421,000	262,906	158,094			
			650,118	458,280	191,838
			507,000	253,468	253,532
2,431,859	1,894,719	537,140	1,169,521	723,244	446,277
(99,509)	(80,563)	18,946	(271,372)	276,556	547,928
	750	750			
	4,347	4,347			
656	1,526	870	5,000	5,000	
656	6,623	5,967	5,000	5,000	
(98,853)	(73,940)	24,913	(266,372)	281,556	547,928
97,081	97,081		507,133	507,133	
96,907	96,907		2,000	2,000	
\$95,135	\$120,048	\$24,913	\$242,761	\$790,689	\$547,928

(Continued)

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Capital Projects Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$82,029	\$77,541	(\$4,488)	\$4,693,344	\$4,571,065	(\$122,279)
Intergovernmental	264,824	1,055,769	790,945	10,309,807	10,524,618	214,811
Interest		47,643	47,643	77,951	126,580	48,629
Tuition and Fees				82,000	73,695	(8,305)
Extracurricular Activities				369,700	198,660	(171,040)
Gifts and Donations				16,600	39,696	23,096
Rent				25,000	30,293	5,293
Miscellaneous				245,900	67,602	(178,298)
Total Revenues	346,853	1,180,953	834,100	15,820,302	15,632,209	(188,093)
Expenditures						
Current:						
Instruction:						
Regular	175,298	58,756	116,542	6,579,225	5,801,072	778,153
Special				2,258,904	2,086,391	172,513
Vocational				104,834	632,117	(527,283)
Adult/Continuing				38,695	36,091	2,604
Support Services:						
Pupils				753,335	550,836	202,499
Instructional Staff				354,369	323,995	30,374
Board of Education				117,790	45,070	72,720
Administration				1,276,038	1,197,082	78,956
Fiscal	9,000	2,333	6,667	464,361	416,690	47,671
Business				37,028	39,183	(2,155)
Operation and Maintenance of Plant	328,707	202,250	126,457	1,911,746	1,641,516	270,230
Pupil Transportation				376,390	380,312	(3,922)
Central				67,192	96,807	(29,615)
Operation of Non-Instructional Services				203,986	166,421	37,565
Extracurricular Activities				562,785	433,367	129,418
Capital Outlay	30,177,719	1,910,404	28,267,315	30,255,045	1,911,002	28,344,043
Debt Service:						
Principal Retirement				650,118	458,280	191,838
Interest and Fiscal Charges				507,000	253,468	253,532
Total Expenditures	30,690,724	2,173,743	28,516,981	46,518,841	16,469,700	30,049,141
Excess of Revenues Over (Under) Expenditures	(30,343,871)	(992,790)	29,351,081	(30,698,539)	(837,491)	29,861,048
Other Financing Sources (Uses)						
Proceeds of Bonds	30,000,000		(30,000,000)	30,000,000		(30,000,000)
Proceeds of Notes		4,321,000	4,321,000		4,321,000	4,321,000
Refund of Prior Year Expenditures				3,000	1,509	(1,491)
Advances In				23,000	4,347	(18,653)
Advances Out					(4,347)	(4,347)
Operating Transfers In	26,556	26,718	162	32,212	33,244	1,032
Operating Transfers Out				(53,442)	(33,244)	20,198
Total Other Financing Sources (Uses)	30,026,556	4,347,718	(25,678,838)	30,004,770	4,322,509	(25,682,261)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(317,315)	3,354,928	3,672,243	(693,769)	3,485,018	4,178,787
Fund Balances (Deficit) Beginning of Year	(14,856)	(14,856)		1,790,844	1,790,844	
Prior Year Encumbrances Appropriated	411,019	411,019		862,819	862,819	
Fund Balances (Deficit) End of Year	\$78,848	\$3,751,091	\$3,672,243	\$1,959,894	\$6,138,681	\$4,178,787

See accompanying notes to the general purpose financial statements

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGE IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 3, 2000**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating Revenues			
Sales	\$147,077		\$147,077
Charges for Services		207,493	207,493
<i>Total Operating Revenues</i>	<u>147,077</u>	<u>207,493</u>	<u>354,570</u>
Operating Expenses			
Salaries	224,977		224,977
Fringe Benefits	50,415		50,415
Purchased Services	15,637	6,401	22,038
Materials and Supplies	6,886		6,886
Cost of Sales	210,013		210,013
Depreciation	10,824		10,824
Claims		242,076	242,076
Other	14,338		14,338
<i>Total Operating Expenses</i>	<u>533,090</u>	<u>248,477</u>	<u>781,567</u>
<i>Operating Loss</i>	<u>(386,013)</u>	<u>(40,984)</u>	<u>(426,997)</u>
Non-Operating Revenues			
Donated Commodities	30,305		30,305
Operating Grants	367,644		367,644
<i>Total Non-Operating Revenues</i>	<u>397,949</u>		<u>397,949</u>
<i>Net Income (Loss)</i>	11,936	(40,984)	(29,048)
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>(92,711)</u>	<u>(100,703)</u>	<u>(193,414)</u>
<i>Retained Earnings (Deficit) End of Year</i>	(80,775)	(141,687)	(222,462)
Contributed Capital Beginning and End of Year	<u>137,208</u>		<u>137,208</u>
<i>Total Fund Equity (Deficit) End of Year</i>	<u>\$56,433</u>	<u>(\$141,687)</u>	<u>(\$85,254)</u>

See accompanying notes to the general purpose financial statements.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$193,000	\$147,077	(\$45,923)
Operating Grants	325,000	409,385	84,385
<i>Total Revenues</i>	<u>518,000</u>	<u>556,462</u>	<u>38,462</u>
Expenses			
Salaries	227,000	225,326	1,674
Fringe Benefits	76,450	60,163	16,287
Purchased Services	27,392	16,032	11,360
Materials and Supplies	224,818	205,138	19,680
Capital Outlay	8,268	4,420	3,848
Other	14,700	14,338	362
<i>Total Expenses</i>	<u>578,628</u>	<u>525,417</u>	<u>53,211</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(60,628)	31,045	91,673
Operating Transfers In	75,000		(75,000)
<i>Excess of Revenues Over Expenses and Operating Transfers</i>	14,372	31,045	16,673
<i>Fund Equity (Deficit) Beginning of Year</i>	(26,396)	(26,396)	
Prior Year Encumbrances Appropriated	12,228	12,228	
<i>Fund Equity End of Year</i>	<u>\$204</u>	<u>\$16,877</u>	<u>\$16,673</u>

See accompanying notes to the general purpose financial statements.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		Totals
	<u>Enterprise</u>	<u>Internal Service</u>	(Memorandum Only)
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$147,077		\$147,077
Cash Received from Quasi-External			
Operating Transactions with Other Funds		207,493	207,493
Cash Payments to Suppliers for Goods and Services	(210,552)	(6,401)	(216,953)
Cash Payments to Employees for Services	(225,326)		(225,326)
Cash Payments for Employee Benefits	(60,163)		(60,163)
Cash Payments for Claims		(197,511)	(197,511)
Cash Payments for Other Operating Expenses	(14,338)		(14,338)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(363,302)</u>	<u>3,581</u>	<u>(359,721)</u>
Cash Flows from Noncapital Financing Activities			
Operating Grants	409,385		409,385
Short Term Loans Repaid to Other Funds	(20,582)		(20,582)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>388,803</u>		<u>388,803</u>
Cash Flows from Capital and Related Financing Activities			
Payments for Capital Acquisitions	(4,420)		(4,420)
<i>Net Increase in Cash and Cash Equivalents</i>	21,081	3,581	24,662
Cash and Cash Equivalents Beginning of Year	6,413	11,435	17,848
<i>Cash and Cash Equivalents End of Year</i>	<u>\$27,494</u>	<u>\$15,016</u>	<u>\$42,510</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities			
<i>Operating Loss</i>	<u>(\$386,012)</u>	<u>(\$40,984)</u>	<u>(\$426,996)</u>
<i>Adjustments:</i>			
Depreciation	10,824		10,824
Donated Commodities Used During Year	30,305		30,305
(Increase)/Decrease in Assets:			
Inventory Held for Resale	851		851
Materials and Supplies Inventory	(2,843)		(2,843)
Increase/(Decrease) in Liabilities:			
Accounts Payable	(6,329)		(6,329)
Accrued Wages and Benefits	(10,644)		(10,644)
Compensated Absences Payable	429		429
Intergovernmental Payable	117		117
Claims Payable		44,565	44,565
<i>Total Adjustments</i>	<u>22,710</u>	<u>44,565</u>	<u>67,275</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$363,302)</u>	<u>\$3,581</u>	<u>(\$359,721)</u>

See accompanying notes to the general purpose financial statements.

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**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND THE REPORTING ENTITY

The Struthers City School District (School District) operates under a locally-elected five-member Board and provides educational services as authorized by State and/or federal agencies. The Board controls the School District's six instructional support facilities staffed by 82 non-certificated and 135 certified full-time teaching personnel and 10 administrative employees who provide services to students and other community members.

The School District is located in Struthers, Ohio, Mahoning County, including an area extending roughly five miles around the City. The enrollment for the School District during the 2000 fiscal year was 2,101. The School District operates four elementary schools (K-4), one middle school (5-8), and one high school (9-12).

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. This includes general operations, food service, and related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The following activities are included within the reporting entity:

Parochial School - Within the School District boundaries, St. Nicholas School operates through the Youngstown Catholic diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed by the School District on behalf of the parochial school by the treasurer of the School District, as directed by the parochial school. The activity of these monies is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with a public entity risk pool and three jointly governed organizations. These organizations are presented in Notes 16 and 17 to the General Purpose Financial Statements. These organizations are Mahoning County Insurance Consortium, Area Cooperative Computerized Educational Service System, Mahoning County Career and Technical Center and Ohio Schools Council.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

General Fund

The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

2. Proprietary Fund Types:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund

This fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

3. Fiduciary Fund Type:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District only has one fiduciary fund type, agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues for governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. Budgetary information for the insurance reserve internal service fund is not reported because it is not included in the entity for which the "Appropriated Budget" is adopted. The primary level of budgetary control has been established by the Board of Education at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Mahoning County Budget Commission for rate determination.

2. Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2000.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, except for agency funds, consistent with statutory provisions.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

5. Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

C. Cash and Cash Equivalents

To improve cash management, cash received by the School District treasurer is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The vocational education, disadvantaged pupil impact aid, title VI-B, title, other federal grants special revenue funds, emergency school repair capital projects fund and food service enterprise fund had expended more than their equity interest in the pooled bank account at June 30, 2000. The general fund made an advance to these funds to eliminate their negative cash balances. The general fund has an interfund receivable for the amount advanced while the funds with negative cash balances have an interfund payable for the same amount on the combined balance sheet.

During fiscal year 2000, investments were limited to STAR Ohio and repurchase agreements. Repurchase agreements are reported at cost. Investments in STAR Ohio are reported at fair market value which is based on quoted market prices. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$77,322, which includes \$52,384 assigned from other School District funds.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest-bearing depository accounts are presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District's treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with maturities of three months or less at the time they were purchased by the School District are considered to be cash equivalents.

D. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of an inventory item is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the acquisition or construction of capital assets, and the creation of a reserve for budget stabilization. See Note 22 for additional information regarding set-asides.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

Donated fixed assets are recorded at their fair market value as of the date donated. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment, the only proprietary fund type fixed asset classification, is computed using the straight-line method over an estimated useful life of eight to twenty years.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Entitlements

General Fund

State Foundation Program
School Bus Purchase

Special Revenue Funds

Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

Title VI-B
Disadvantaged Pupil Program
Adult Basic Education
Vocational Education
Title I
Partnership Grant
Title VI
Eisenhower
Drug Free Schools
Raising the Bar
Educational Management Information System
Auxiliary Services
Capital Projects Fund
School Net
SchoolNet Professional Development
Emergency Building Repair Grant

Reimbursable Grants

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to sixty-seven percent of the School District's operating revenues in governmental funds during the 2000 fiscal year.

I. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds". Short-term interfund loans are classified as "interfund receivables/payables".

J. Compensated Absences

Vacation benefits are accrued as a liability if the employees' right to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick leave benefits are accrued as a liability using the "vesting method". The liability is based on the sick leave accumulated at June 30, by those employees who are eligible to receive termination benefits and by those employees who are expected to become eligible in the future. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Contributed Capital

Contributed capital in the proprietary funds represents resources received from other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on these assets acquired or constructed with contributed capital resources are expensed and closed to unreserved retained earnings at year end.

L. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year end are generally considered not to have been paid with current available resources. Bonds and long-term loans are reported as liabilities to the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Under Ohio Law, a debt retirement fund may be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget stabilization, capital improvements and debt service.

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for debt service represents the amount available to retire debt service obligations.

O. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals-(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. ACCOUNTABILITY

Fund balance/retained earnings at June 30, 2000, included the following individual fund deficits:

	Deficit Fund Balance/ Retained Earnings
General Fund	\$837,983
Special Revenue Funds:	
Vocational Education	28,574
Disadvantaged Pupil Impact Aid	67,820
Title VI-B	894
Title I	68,249
Title VI	3,339
Other Federal Grants	17,092
Emergency Building Repair Capital Projects	41,218
Food Service Enterprise Fund	88,632
Self Insurance Internal Service Fund	141,687

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. ACCOUNTABILITY (Continued)

The general fund concluded fiscal year 2000 with a fund balance of (\$837,983). The general fund deficit balance resulted from the conversion to generally accepted accounting principles and from the requirement to report the State loan as a liability in the fund that received the note proceeds. State entitlement monies received in July and August will partially cover the deficit and will be used to liquidate these liabilities.

The deficits in vocational education, disadvantaged pupil impact aid, title VI-B, title I, title VI and other federal grants special revenue and building improvement capital projects funds resulted from accrual accounting. The deficits in the disadvantaged pupil impact aid special revenue and emergency building repair capital projects fund resulted from expenditures made in excess of available revenues. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

The enterprise and internal service funds retained earnings deficits resulted from the application of generally accepted accounting principles. The School District will review the operations to determine if steps need to be taken to insure that the funds are self-sustaining.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, All Enterprise Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. Proceeds from and principal payment on tax and revenue anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

In addition, the School District does not budget for the activities of their third party claims administrator who collects money from the School District to pay self-insurance claims incurred by the School District. However, the activity is included in the internal service fund for GAAP reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$504,149	\$59,587	\$283,556	\$5,071,833
Revenue Accruals	670	(81,387)	0	0
Unrecorded Cash	(3,602)	0	0	0
Tax Revenue for Debt Repayment	(247,006)	0	247,006	0
Advances In	0	4,347	0	0
Expenditure Accruals	(105,882)	(16,863)	(9,498)	(37,653)
Debt Service:				
Principal	0	0	(177,080)	0
Interest	69,926	0	(60,430)	0
Advances Out	(4,347)	0	0	0
Encumbrances	(291,434)	(39,624)	(1,998)	(1,679,252)
Budget Basis	<u>(\$77,526)</u>	<u>(\$73,940)</u>	<u>\$281,556</u>	<u>\$3,354,928</u>

Net Income (Loss)/Excess of Revenues
Over (Under) Expenses and Operating Transfers
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$11,936	(\$40,984)
Revenue Accruals	(18,869)	0
Expense Accruals	42,191	0
Depreciation Expense	10,824	0
Capital Outlay	(4,420)	0
Net Loss for Non-Budgeted Fund	0	40,984
Encumbrances	(10,617)	0
Budget Basis	<u>\$31,045</u>	<u>\$0</u>

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the School District's Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposits maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, as security for repayment by surety company, bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year-end, the School District had \$3,602 in undeposited cash which is included on the balance sheet as part of "equity in pooled cash and cash equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Repurchase Agreements".

At fiscal year-end, the carrying amount of the School District's deposits was \$3,738,607 and the bank balance was \$7,496,178. Of the bank balance, \$415,013 was covered by federal depository insurance and \$7,081,165 was covered by specific pledged collateral or pooled collateral. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposits of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District invests in STAR Ohio, the State Treasurer's Investment Pool, which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	<u>\$4,339,177</u>	\$4,339,177	\$4,339,177
STAROhio		146,199	146,199
Total		<u>\$4,485,376</u>	<u>\$4,485,376</u>

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$8,227,585	\$0
Cash on Hand	(3,602)	
Investments:		
Repurchase Agreements	(4,339,177)	4,339,177
STAR Ohio	(146,199)	146,199
	\$3,738,607	\$4,485,376
GASB Statement No. 3		

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School district fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2000 for real and public utility property taxes represents collections of calendar year 1999 taxes. Property tax payments received during calendar year 2000 for tangible personal property (other than public utility property) is for calendar year 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value listed as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2000 public utility taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 2000, on the values as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES (Continued)

The assessed value upon which fiscal year 2000 taxes were collected are:

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$93,302,140	83.86%	\$93,558,310	83.25%
Public Utility	8,891,070	7.99	8,813,160	7.84
Tangible Personal Property	9,071,360	8.15	10,011,940	8.91
Total Assessed Value	<u>\$111,264,570</u>	<u>100.00%</u>	<u>\$112,383,410</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$61.20		\$59.10	

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Mahoning County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. There was no amount available to the School District as an advance at June 30, 2000.

7. RECEIVABLES

Receivables at June 30, 2000, consisted of taxes, accounts (rent and student fees), interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund:	
Drivers Education Reimbursement	\$2,650
Special Revenue Funds:	
Title VI-B	14,534
Title I	95,822
Total Special Revenue Funds	<u>110,356</u>
Total	<u>\$113,006</u>

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$336,677
Less Accumulated Depreciation	(231,109)
<i>Net Fixed Assets</i>	<u>\$105,568</u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$436,200	\$0	\$0	\$436,200
Buildings and Improvements	8,077,014	186,537	0	8,263,551
Furniture, Fixtures and Equipment	2,816,702	109,576	0	2,926,278
Vehicles	494,849	63,900	0	558,749
<i>Totals</i>	<u>\$11,824,765</u>	<u>\$360,013</u>	<u>\$0</u>	<u>\$12,184,778</u>

There was no significant construction in progress at June 30, 2000.

9. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2000, the School District contracted with the Indiana Insurance Company for property insurance with a \$1,000 deductible. Professional liability is protected by the Nationwide Insurance Company with a \$5,000,000 aggregate limit.

Vehicles are covered by the Grange Mutual Casualty Company and hold \$250 deductibles for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. CB radios on the School District's buses are covered by Grange Mutual Casualty Company.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

\$10,000 performance bonds are maintained for both the board president and superintendent. A \$20,000 performance bond is maintained for the treasurer. A \$25,000 per position blanket bond is maintained for all other employees. All performance bonds are maintained by the Hartford Insurance Company, and the blanket bond is maintained by the Indiana Insurance Company.

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits. The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County school districts. Rates are set through an annual calculation process. The Struthers City School District pays a monthly contribution which is placed in a common fund from which claims payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$696.91 for family coverage and \$315.57 for single coverage per employee per month.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. RISK MANAGEMENT (Continued)

The School District has elected to provide vision and dental benefits through a self-insurance program. The School District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Professional Risk Management, located in Youngstown, Ohio, reviews all claims which are then paid by the School District. The School District pays into the insurance reserve internal service fund \$8.00 for family vision coverage or \$3.50 for single vision coverage per employee per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$156,703 reported in the internal service fund at June 30, 2000, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount during fiscal years 1998, 1999, and 2000 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$67,547	\$193,308	\$164,682	\$96,173
1999	96,173	222,475	206,510	112,138
2000	112,138	242,076	197,511	156,703

10. DEFINED BENEFIT PENSION PLAN

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$88,707, \$114,557, and \$142,170, respectively; 47.27 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$46,776 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$368,460, \$354,456, and \$578,197, respectively; 83.45 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$60,980 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, one of the Board of Education members has elected Social Security. The board's liability is 6.2 percent of wages paid.

11. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$491,280 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase of 2.20 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including surcharge, during the 2000 fiscal year equaled \$169,849.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

12. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. OTHER EMPLOYEE BENEFITS (Continued)

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 260 days for certified employees and 260 days for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 45 days, for certified employees. Classified employees receive payment for one-fourth of accumulated sick leave up to 180 days and one-eighth of accumulated sick leave between 180 and 260 days up to a maximum of 45 days. An employee receiving such payment must meet the retirement provisions set by STRS or SERS and must also have ten years of service with the District.

B. Insurance

The School District provides life insurance to its employees. Coverage is equal to the employees's salary (rounded to nearest thousand dollars). The maximum amount of coverage is \$50,000 for non-certified employees and \$50,000 for certified employees. Life insurance coverage is provided through the Relistar Insurance Company.

13. LONG TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
General Obligation Bonds:				
1992 School Improvements 6.5% \$3,799,501	\$2,769,501	\$0	\$200,000	\$2,569,501
1998 Energy Conservation Bonds Payable 4.9% \$373,600	225,000	0	70,000	155,000
1992 Asbestos Removal Loan 0% \$45,000	15,306	0	5,000	10,306
2000 School Facilities Notes Payable 4.85%	0	4,321,000	0	4,321,000
1995 Energy Conservation Notes Payable 4.9% \$480,000	373,600	0	6,200	367,400
Intergovernmental Payable	114,397	125,803	114,397	125,803
Compensated Absences	896,230	105,536	0	1,001,766
<i>Total General Long-Term Obligations</i>	<u>\$4,394,034</u>	<u>\$4,552,339</u>	<u>\$395,597</u>	<u>\$8,550,776</u>

The general obligation bonds, energy conservation bonds and interest-free asbestos loan will be paid from the debt service fund. The energy conservation note will be paid from the capital projects building improvement fund and the classroom facilities note will be paid from the classroom facilities capital projects fund. The compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents pension obligations paid outside the available period and will be paid from the fund from which the person is paid.

Classroom facilities bond anticipation notes that matured and were reissued prior to the issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued, have been reported in the general long term obligations account group and will be paid from the debt service fund.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. LONG TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire the general obligation bonds, energy conservation bonds and asbestos removal loan follow:

Fiscal year Ending June 30,	General Obligation Bonds		Energy Conservation Bonds		Asbestos Removal Loan	Energy Conservation Notes	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2001	\$215,000	\$149,380	\$75,000	\$7,595	\$5,000	\$18,800	\$18,260
2002	225,000	137,125	80,000	3,920	5,306	19,700	17,325
2003	175,000	124,075	0	0	0	20,700	16,346
2004	59,476	244,274	0	0	0	21,700	15,318
2005	53,741	250,005	0	0	0	22,800	14,239
2006-2010	686,284	815,416	0	0	0	132,200	53,036
2011-2015	1,155,000	227,175	0	0	0	131,500	16,744
<i>Total</i>	<u>\$2,569,501</u>	<u>\$1,947,450</u>	<u>\$155,000</u>	<u>\$11,515</u>	<u>\$10,306</u>	<u>\$367,400</u>	<u>\$151,268</u>

14. NOTE DEBT

The School District's note activity for the fiscal year ended June 30, 2000, is as follows:

	Balance 6/30/99	Additions	Deletions	Balance 6/30/00
<i>General Fund:</i>				
State Operating Loan 5.10%	<u>\$1,436,159</u>	<u>\$0</u>	<u>\$177,080</u>	<u>\$1,259,079</u>

The State operating loan will be paid from the general fund with school foundation revenue. A liability for the notes is reflected in the general fund which received the proceeds.

Principal and interest payments to retire the State operating loan are as follows:

Fiscal Year Ending June 30,	State Operating Loan	
	Principal	Interest
2001	\$189,228	\$57,679
2002	196,053	50,953
2003	206,289	40,717
2004	217,060	29,947
2005	209,800	18,614
2006	240,649	6,647
<i>Total</i>	<u>\$1,259,079</u>	<u>\$204,557</u>

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000, consist of the following individual fund receivables and payables:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$235,062	\$0
Special Revenue:		
Vocational Education	0	31,778
DPIA	0	15,200
Title VI-B	0	4,698
Title I	0	94,524
Other Federal Grants	0	10,482
Total Special Revenue	0	156,682
Emergency School Repair Capital Projects Fund	0	41,218
Food Service Enterprise Funds	0	37,162
<i>Total All Funds</i>	<u>\$235,062</u>	<u>\$235,062</u>

16. SHARED RISK POOL

The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County School Districts. The consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises control over the operation of the Consortium. All Consortium revenue are generated from charges for services. To obtain the financial information write to Mahoning County Insurance Consortium, 2801 Market Street, Youngstown, Ohio 44507.

17. JOINTLY GOVERNED ORGANIZATIONS

A. Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based on a per pupil charge. The School District contributed \$40,190 to ACCESS during fiscal year 2000. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Mahoning County Career and Technical Center

The Mahoning County Career and Technical Center is a political subdivision of the State of Ohio operated under the direction of a Board consisting of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts. During fiscal year 2000 no monies were received from the School District. To obtain financial information write to the Treasurer at the Mahoning County Career and Technical Center, 7300 North Palmyra Road, Canfield, Ohio, 44406.

C. Ohio Schools Council

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2000, the School District paid \$750 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary of the Ohio Schools Council at 185 Center Road, Bedford, Ohio 44146.

18. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$6,978,882 of school foundation support for its general fund.

The Court also declared the emergency school loan assistance program unconstitutional. The emergency school loan program allowed the School District to borrow money from a commercial financial institution with repayment going directly to the lender from the State through withholding a portion of the School District's future school foundation payments. As of June 30, 2000, the School District has an outstanding balance due of \$1,259,079 borrowed under this program; the final payment of this note will be made in fiscal year 2006. The terms of the debt are further described in Note 14 to these financial statements.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the Athorough and efficient@ clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled."

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

18. STATE SCHOOL FUNDING DECISION (Continued)

The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under these programs and on its financial operations.

19. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

The Struthers City School District is not currently party to any legal proceedings.

20. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of its food service operations and uniform school supplies sales. The following table reflects in a summarized format the more significant financial data relating to the enterprise funds of the Struthers City School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$138,747	\$8,330	\$147,077
Depreciation Expense	10,824	0	10,824
Operating Income (Loss)	(387,456)	1,443	(386,013)
Donated Commodities	30,305	0	30,305
Operating Grants	367,644	0	367,644
Net Income	10,493	1,443	11,936
Fixed Assets Additions	4,420	0	4,420
Net Working Capital	(3,769)	7,856	4,087
Total Assets	137,897	7,856	145,753
Total Equity	48,577	7,856	56,433
Long-Term Compensated Absences	10,566	0	10,566
Encumbrances Outstanding at June 30, 2000	10,617	0	10,617

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

21. SUBSEQUENT EVENT

On November 30, 2000, the \$4,321,000 school facilities bond anticipation note matured and was converted to bonds.

22. SET-ASIDES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	Budget Stabilization Reserve	Textbook/ Instructional Materials	Capital Improvements
Set-aside balance as of June 30, 1999	\$148,343	\$0	\$0
Current year set-aside requirement	84,511	253,533	253,533
Qualifying offsets	0	(416)	(77,541)
Qualifying disbursements	0	(377,064)	(114,844)
Totals	\$232,854	(\$123,947)	\$61,148
Set-aside Balance Carried Forward to Future Fiscal Years	\$232,854	(\$123,947)	\$61,148
Cash balance carried forward to FY 2001	\$232,854	\$0	\$61,148

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$294,002.

23. CONTRACTUAL COMMITMENTS

At June 30, 2000, the School District had the following contractual purchase commitments:

Company	Amount Remaining on Contract
Hanahan Stollo and MS Consultants	\$1,715,335 17,100
Total	\$1,732,435

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000
(Cash Basis)**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$31,196		\$31,196
National School Breakfast Program		10.553	\$65,098		\$65,098	
National School Lunch Program		10.555	319,385		319,385	
Total Department of Agriculture - Nutrition Cluster			384,483	31,196	384,483	31,196
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Adult Basic Education	AB-S1-99	84.002	14,319		17,719	
Adult Basic Education	AB-S1-00	84.002	30,792		30,792	
Total			45,111		48,511	
Educationally Deprived Children Local Educational Agencies - Title I	C1-S1-99 C1-S1-00	84.010 84.010	45,879 473,823		17,294 568,346	
Total			519,702		585,640	
Handicapped State Grants - Title VI-B	6B-SF-99 6B-SF-00	84.027 84.027			970 108,993	
Total			104,294		109,963	
Drug Free Schools and Communities	DR-S1-98 DR-S1-99 DR-S1-00	84.186 84.186 84.186	500 28,220 5,862		12,060 4,188	
Total			34,582		16,248	
Family & School Partnership	97 00	84.276 84.276			289 2,547	
Goals 2000 Program	G2-S4-99 G2-S2-99	84.276 84.276	127 150		436 8,523	
Total			3,277		11,795	
Dwight D. Eisenhower Professional Development Grant	MS-S1-00	84.281	2,658		2,587	
Title VI - Innovative Education Program	C2-S1-99 C2-S1-00	84.298 84.298	1,479 6,717		7,283 3,456	
Total			8,196		10,739	
Technical Literacy Program	TF-S2-99	84.318	62,500		87,698	
Title VI - R	00	84.340	66,216		59,469	
Total Department of Education			846,536		932,650	
Totals			\$1,231,019	\$31,196	\$1,317,133	\$31,196

The accompanying notes to this schedule are an integral part of this schedule.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the School's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

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JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Struthers City School District
Mahoning County
99 Euclid Avenue
Struthers, Ohio 44471

To The Board of Education:

We have audited the financial statements of Struthers City School District, Mahoning County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated March 7, 2001, which was qualified due to the lack of documentation supporting student fund raiser receipts accounted for in the Student Managed Activity Funds. Except as noted in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated March 7, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-11150-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 7, 2001.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 7, 2001



**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Struthers City School District
Mahoning County
99 Euclid Avenue
Struthers, Ohio 44471

To The Board of Education:

Compliance

We have audited the compliance of Struthers City School District, Mahoning County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Struthers City School District
Mahoning County

Report of Independent Accountants on Compliance with Requirements Applicable to Each Major
Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 7, 2001.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 7, 2001

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Title VI-B - CFDA #84.027 Nutrition Cluster - CFDA #10.55X
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2000-11150-001
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During our review of student activities we noted the following deficiencies:

- A. There was no evidence provided that student activity budgets had been prepared or approved;
- B. The top portion of the Sales Project Potential forms were partially completed but had not been approved. The top portion of the form has the following information: the organization name, the proposed sales project, the company and company address that the goods will be purchased from, a contact name, the quantity to be ordered, the cost per unit, the proposed sale price per unit, and the advisor's signature along with the Principal's and Superintendent's signature which indicates their approval.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000
(Continued)**

Information that was completed was the organization name, the proposed sales project, and the company and the company address. The bottom portion of the Sales Project Potential forms includes the following information to be completed: number of items purchased, price paid, total cost of items purchased, less returns, total amount to be accounted for, the total deposited with treasurer, any quantity unaccounted for, and signatures of the Advisors, Principals, and the Superintendent. None of this information had been completed or approved for any of the proposed fund raisers;

- C. There was no evidence that independent checks were done by the Superintendent or the Building Principals on the work of the Student Activities Advisors or the Student Activities Co-ordinator.
- D. Advisors did not retain all pertinent documents relative to the fund raisers such as approved price listings, documented sales incentive award program policies, spoilage, etc.

Sales Project Potential forms are designed to collect information which will help provide accountability and permit management to monitor fund raiser financial activity. Without this information, management's ability to monitor and account for fund raiser financial activity is impaired.

To address the above deficiencies we recommend the District stipulate that each student activity group advisor and the co-ordinator complete the required forms. Cash proofs should be filled out by the advisors and turned in to the co-ordinator every time money is remitted. Budgets should be completed and turned in prior to beginning fund raisers. The top portion of the Sales Project Potential forms should be finished before the fund raiser begins; and the bottom portion should be filled out after the fund raiser is completed and money is received. Advisors should be trained as to the purpose of each form and the importance of including the required information. Each of these forms should then be reviewed and approved by the board, treasurer, and the superintendent as an independent check that the information is complete and reasonable. Advisors should ensure that all pertinent documents relative to a particular fund raiser are retained, such as approved price listings, documented sales incentive award program policies, spoilage, etc. Advisors and the co-ordinator should be informed of their responsibilities and training should be provided if needed. The District should refer to Auditor of State document AUD-0019, *Guidelines for Developing Policies for Student Activity Programs*.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



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STRUTHERS CITY SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 5, 2001**